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MARKETING UNITED STATES LIVESTOCK AND MEAT PRODUCTS IN WESTERN EUROPE

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A recent livestock and meat products marketing survey of Western Europe was conducted by the Foreign Agricultrual Service as a follow-up of a similar study during the fall of 1954, with visits to several additional countries.

Among other information gathered through this survey, it was learned that the possibility of marketing United States livestock and meat products in Spain is limited because of the critical dollar situation. Importers must obtain an import certificate from the Spanish officials in Madrid plus an authorization from the Spanish Exchange Control for the expenditure of necessary dollars. This is very difficult because the Spanish officials allocate most of their available dollars for the purchase of strategic material.

In July 1954 a new licensing system for casings was introduced by the Spanish authorities which eased considerably the importation of casings from the United States. Prior to this new arrangement there were no facilities for officially importing casings from the United States. It is estimated that about 25 percent of the normal consumption in 1936 are now obtained from American exports.

Sausage manufacturers in Spain have had an opportunity to use some United States casings and desire to procure additional quantities if the dollar allocation can be increased.

Trade sources indicated that the import requirement of cattle hides is 10 to 12 thousand metric tons yearly (1 metric ton equals 2204.6 pounds). Most of these have been purchased from South American countries through bilateral trade agreements. The trade also indicated that they would like to import beef and pork casings, manufacturing beef and other meat products from the United States but are unable to procure the necessary import certificates.

1/ The author wishes to acknowledge the valuable assistance and information supplied by the Agricultural Attaches and their staffs, U.S. Department of State Government officials, and Members of the Meat Industry in the countries in which his study was made.

Some products are purchased from the United States through a third country. A typical example of such an arrangement is the importation of 2 thousand tons of animal grease (tallow) from the United States, with payment through a Spanish-Brazilian clearing.

The beef consumed in Spain is comparable to that consumed in the rest of Western Europe. It is usually produced from older cows with a dressed weight averaging 240 to 300 kilos. (1 kilo equals 2.2046 pounds). Calves are slaughtered for veal when about 90 days old and their average weight is approximately 90 pounds. This veal is only average quality. Very few sheep are sold. The director of the Municipal Slaughter House in Madrid estimated that 4,000 to 5,000 lambs were slaughtered each day with an average dressed weight of 4 kilos. The hogs are generally of a fatty type, their average dressed weight being 100 kilos.

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In Switzerland the meat industry is roughly organized into 3 large groups. These are (1) "Viehborse" (Einkaufsstelle des verbandes Schwerischer Metzgermeister) at Zurich; (2) Genossenschaft fur Vieh und Fleischhandel, located at Basel, Manager Walter Schmidt, speaks English, and (3) "Severa" (Importgenossenschaft), at Bern.

These organizations do not compete. Their territories are well defined and they frequently make joint purchases. At present imports from the United States are almost entirely handled by these firms. They contact Swiss meat purchasers and packers each morning.

Import permits must be obtained (often with considerable difficulty) from the Federal Division of Agriculture. The permits are issued for only one week which considerably handicaps purchases from the United States because there is little time for placing orders and for delivery. This does not apply to fancy meats such as tongues and pork liver, and to frozen meat. The quotas for these, and canned goods, are delivered well in advance.

There is a definite meat shortage in Switzerland. The 6-year cycle has almost reached its production low which is reflected in the need for larger imports for 1955 and 1956. In 1957 and 1958 domestic production will develop sufficiently to nearly cover the entire demand except for some fancy meats which are always in demand by the local hotel and restaurant industries. After 1958, production probably will again begin to decline.

Imports from the United States will probably be confined largely to lard, frozen beef tongues, beef tripe, frozen pork liver, beef and pork casings, meat meals and bone meals. The main factor is the United States price in comparison to the European. The trade indicated that they have been well satisfied with the products they have imported.

Switzerland, like most of the European countries, is a potential market each year for frozen boneless manufacturing beef. At present the United States price is too high and they procure their requirements from South America.

The cattle raised in Switzerland are primarily for the dairy industry, to which the beef industry is subordinate. The average age of the cattle (mostly cows) at the time of slaughter is 10 to 15 years. They are quite lean; the poorer quality are used for sausage production and the better for domestic consumption. Some heifers are raised for beef and are slaughtered at 2 years of age.

The pork produced in Switzerland is very lean, since exceptionally lean meat is demanded by consumers. The pigs are delivered whole from the slaughter house to the retail butcher who cut them up and render their own lard.

The quantity of veal slaughtered is seasonal. Its quality is better than any other meat produced in Switzerland. The desirable weight range is comparable to that in the United States.

Very few sheep or lamb are produced. Those observed were only of average quality.

The officials of the Municipal Slaughter House in Zurich advised me that the average per-capita meat consumption in Switzerland is 40 kilos. Of this, 15 kilos is consumed as some kind of sausage. It was also indicated that the consumption of sausage is increasing and that there will be a definite need for importing greater quantities of lean beef.

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In Sweden the meat import requirements are determined by the Swedish Meat Import-Export Association which consists of 4 members. One of the members represents the Swedish Farmers Meat Marketing Association, another represents the Consumers Cooperative Wholesale Society, the third represents the Swedish Meat Wholesalers Association and the fourth represents the Interests Association of the Swedish Meat Processors and Butchers Federation. This is the only group allowed to import fresh, chilled or frozen meat into Sweden. Because domestic production is insufficient, it is necessary to import beef each year. Most of it is now imported from Denmark and Ireland (frozen quarters from Ireland of low grade manufacturing beef).

The export and import association allocates the quantities to be distributed to the groups represented in the association.

Meat products other than fresh, frozen or chilled, such as beef offals can be freely imported without licenses or prior allocation by anyone in Sweden. The determining factors in importing beef products are the political implications within the country, trade agreement commitments, and price.

Trade sources indicated that two agricultural price proposals have been submitted to Parliament which may liberalize imports of meat, however, it was stated that some sort of import fee will be included. This import fee will be geared closely to domestic production and may fluctuate with the volume of production and whether a short time or long time program is approved. It is entirely too early to predict what the final proposal will embody.

Since October 1, when Sweden first liberalized trade by permitting the use of free United States dollars and transit dollars (premium), considerable interest has been demonstrated by the over-all trade. With respect to meat products there has been an unestimated quantity of beef liver, beef tongues, pickled salted horse meat and possibly canned meat products imported. In recent weeks there has been considerable interest by importers in Stockholm and elsewhere in making contact with United States firms regarding the purchase of additional quantities of canned meats.

The trade believes that fair quantities of meat products will be imported from the United States because they have been well satisfied with all that have been imported.

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Discussions in Western Germany, the Netherlands and Denmark with both industry and Government officials centered primarily upon the quantities of canned hams exported by those countries to the United States.

Recent statements in the United States press which reflected the increased imports of canned ham in 1954 over 1953, from these countries had caused a genuine fear that restrictive quotas would be applied. The United States market is the greatest in the world for this type of product and there is a real need for the dollars derived from their sale. They were also quite disturbed because of the falling market in the United States for both domestic and imported canned ham. It was explained to them that the price of any meat product in the United States was determined by supply and demand and that with increased pork production it was very possible that there would be greater reductions in the wholesale price. They said that if the price went down any more they would have to curtail shipments because of money loss. All of these countries will have increased pork production this year but insist that they will not ship more ham to the United States market than they did last year.

Pork production has been increased in not only these three countries but in all of Western Europe. It becomes clear that it will be more difficult to sell United States surplus lard, grease and pork offal products in Western Europe and that the Western European countries will become highly competitive in the Caribbean, South and Central American areas. This may make it necessary for the American meat industry to find additional export markets for pork, in view of the expected 8 percent increase in production this fall.

The 8 million open tender for the purchase of lard from the United States from Western Germany has made it possible for large quantities of high quality lard to be imported from this country. The trade indicated they were well satisfied with the lard and believe that if another open tender is issued later in the year for approximately the same amount that the per capita consumption of lard will be increased.

The relaxation by the German custom officials of regulations governing imports of refined lard into West Germany is definitely progress in the right direction. The new duty will be 10 percent for either prime steamed or refined lard. However, the refined lard must be remelted after entering.

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In Foreign Agriculture Circular, FLM 13-54 of November 29, 1954, the manufacture of "Dutch Lard" was explained. The circular did not indicate that a pure lard was also produced for export. Slaughter house lard, as it is designated by the Netherlands, consists of the fresh fat from the best parts of the hog. It is melted down and goes into domestic consumption and export. Exports of slaughter house lard are always covered by a veterinary service certificate provided for in the "Livestock Act". The quality of this fresh lard is guaranteed and may be kept from two to two and a half months.

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There is no change in the prospect of exporting additional meat products to France. The dollar situation remains critical and meat importers must use premium dollars for importing.

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It was clearly indicated in London that the United Kingdom would be in the market for considerable quantities of lard from the United States. The new open licensing has been placed in effect to operate until December 1955.

Importing more frozen utility or commercial beef from the United States seems very improbable. When the subsidy program under the U.S. Foreign Operations Administration first went into effect considerable quantities were imported. However, the Government had purchased for storage 150,000 tons of frozen beef during rationing and began reducing their stocks at the same time the United States beef was received. Since the end of rationing, in July, the British housewife will purchase frozen beef only, at a discount which makes the wholesale price unattractive to the importers.

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Almost every country in Europe will have a considerable increase in pork production this year. It will become more difficult to sell United States surplus lard in Europe, and the Western European countries will be highly competitive in the Caribbean area. This can be serious for the United States meat industry since it is having difficulty in disposing of this country's large production of lard this year. It is also anticipated that there will be approximately an 8 percent increase in domestic pork production later this year.